



chair **John Chiang**  
member **Jerome E. Horton**  
member **Ana J. Matosantos**

State of California  
**Franchise Tax Board**

08.16.11

To: Selvi Stanislaus

From: Jeanne Harriman

Subject: Board Approval for Contracts Exceeding \$1 Million –  
Personal Income Tax Collections

## Memorandum

This memorandum provides information for your notification to the Board pursuant to the Board's resolution requiring approval for purchases exceeding \$1 million.

### Personal Income Tax Collections

This proposal requests approval for contracts to secure the services of three private collection agencies to perform debt collection services on personal income tax accounts. Outsourcing provides the Franchise Tax Board (FTB) with an alternative collection strategy for accounts that are not economically feasible to assign to an FTB collector. Revenue and Taxation Code §§ 19376-19378 authorize FTB to outsource collection accounts to a third party contractor.

FTB will conduct a Request for Proposal for these services and plans on awarding contracts to three different vendors. Each of these contracts will be for a one-year term, with two one-year optional extensions.

The effective date of the agreements will be January 1, 2012, with an anticipated dollar amount of \$2.5 million for all three agreements.

If you have any questions, please contact Susan Borgman at 845-3367.

A handwritten signature in cursive script that reads "Jeanne Harriman".

Director  
Financial Management Bureau